

Economic Development, Trade, and Innovation Committee
Report on Economic Development Planning and Performance at
the Local Level

December, 2009

Economic Development Planning and Performance at the Local Level.

A variety of requirements.

Washington has a variety of requirements relating to economic development planning and performance at the local level. In planning under the Growth Management Act (GMA), counties must establish policies for countywide economic development and employment, including consideration of the future development of commercial and industrial facilities. All counties designate an Associate Development Organization (ADO) for their county. All ADOs are to participate in the development of a countywide economic development plan, consistent with the state comprehensive plan for economic development produced by the Washington State Economic Development Commission. Regional planning efforts by ADOs are to include coordination with Workforce Development Councils and address assistance to industry clusters in the region. The Department of Commerce (Department) is to work with ADOs to develop performance measures.

Which counties have adopted economic development plans?

Seven ADOs (out of 35 ADOs in the state) have reported to the Department that they have an economic development plan that is current and consistent with the Washington Economic Development Commission's comprehensive state plan. The remaining ADOs are expected to have such plans by June 30, 2010. The Municipal Research and Services Center of Washington (MRSC) maintains a list of economic development plans kept by counties and municipalities. Their data indicates there are eight counties with no plan; of the remaining counties, 14 have plans completed in 2005 or earlier and 17 have plans completed after 2005. According to staff in the Growth Management Services Unit of the Department, four of the eight counties not showing a plan in the list maintained by MRSC do have chapters in their comprehensive plans devoted to economic development and the remaining four counties have addressed economic development in some manner in their comprehensive plans.

Data available from the Growth Management Services Unit of the Department indicates that 29 counties are fully planning under the growth management act, but these may have plans that are not consistent with the standard established in the Growth Management Act because the GMA requirement to have an economic development element in the county comprehensive plan is not effective until the state appropriates funds to cover local costs. The state does appropriate funds to ADOs for planning, so the ADO plans could meet the GMA requirements.

Are ADO performance measures consistent with statutory requirement?

The Department of Commerce has developed a quarterly performance measures report to be completed by each ADO. [See Appendix B - ADO Quarterly Report](#). The scope of services to be delivered by ADOs includes two broad areas of work: **direct assistance**; and **support for regional economic research and planning efforts**. Better than half of the statutory requirements for ADOs (found in RCW 43.330.080) have performance measures specified in the report. Performance measures are not included, however, for business planning; providing information on permitting, taxes, and other essential information; site location and selection assistance; participation in regional planning efforts with Workforce Development Councils; coordination regarding the Customized Training Program; or collecting and reporting data. The Department has explained or otherwise responded to this. [See Appendix A - ADO Performance Measures Review](#).

APPENDIX A - ADO Performance Measures Review

Yellow highlighted text notes non-alignment between statutory requirement and performance measures report form.

Green highlighted text notes suggestions for changes to the performance measures report form.

Grey highlighted text notes Department of Commerce response.

ADO Performance Measures

The statute directing the Department of Commerce to contract with county-designated associate development organizations (ADOs) contains a number of requirements related to the scope of services to be delivered under the contracts. The scope of services is to include two broad areas of work: **direct assistance** and **support for regional economic research and planning efforts**. The Department has developed a quarterly performance measures report to be completed by each ADO. Listed below are the statutory requirements in the order found in the statute (RCW 43.330.080), accompanied by commentary regarding each requirement's treatment in the Department's quarterly performance measures document.

Direct Assistance:

- **Business Planning** [Subsection (1)]. Although assistance with business planning is listed as part of the scope of services to be delivered by the ADO contracts, there is no provision for it in the performance measures document.

The Department interpreted the statute as (1) (a-f) addressing assistance with business planning. Evidence is seen throughout the performance measure reporting form.

- **Facilitate the alignment of planning efforts and the seamless delivery of business support services in the county, working with appropriate partners** [Subsection (1) (a)].

This is provided for in Topic 5 (Support for Regional Research and Planning), performance measure 7 in the performance measures document. There is one input measure (7.a) and one output measure (7.b) for this requirement and reporting on these two measures is required once per fiscal year.

- The mandatory input measure is "Assessment of required activities and identification of activities provided by the ADOs partners." There is no specification of what a required activity is. It might be useful for the department to lay out for the ADOs what they should do to facilitate alignment of planning efforts and delivery of business support services.

We will be replacing 7.a and 7.b with:

7.a Output: Provide evidence of working with the appropriate partners, including but not limited to, local governments, workforce development councils, port districts, community and technical colleges and higher education institutions, export assistance providers, the Washington manufacturing services, the Washington state quality award council, small business assistance programs, and other federal, state, and local programs during the contract period.

- The mandatory output measure is "Evidence of coordination with providers of direct services not delivered by ADOs such as licensing, permit assistance, workforce or jobs skills training, small business planning, etc." Assistance with business planning is a statutory requirement of ADOs, as noted above.

See 7.a above

Subsection (1) (a) of RCW 43.330.080 specifies the partners the ADOs are to be working with. It might be useful for the Department to include the list of partners and require contact with each as an output measure.

See 7.a above

- **Provide information on permitting, taxes, and other essential information for operating, expanding, or locating a business** [Subsection (1) (b)]. There is no provision for this in the performance measures document.
This is encompassed within the day-to-day operations of ADOs. Evidence is seen throughout the performance measure reporting form.
- **Market Washington and local areas to expanding and relocating businesses** [Subsection (1) (c)]. This is provided for in Topic 1 (Recruitment Activities), performance measures RI (input), RO (output), and ROU (outcome). There are two mandatory and three optional input measures, one mandatory and two optional output measures, and seven mandatory outcome measures.
 - The mandatory input measures are: marketing outline with work items and timelines on file with the Dept. of Commerce, and number of business contacts initiated. The optional input measures are: number of site selector contacts made, number of trade shows attended, and other (defined by ADO).
 - The mandatory output measure is "Number of new clients." The optional output measures are: number of in-bound visits hosted (first time), and other (defined by ADO).
 - The mandatory outcome measures are: number of businesses sited, number of jobs created (recruitment), average annual wage created jobs (in dollars) (recruitment), number of new jobs with wages about county annual average wages (recruitment), amount of new private dollars invested (recruitment), amount of new public dollars invested (recruitment), and amount of new state tax dollars generated (recruitment).
- **Work with businesses on site location and selection assistance** [Subsection (1) (d)]. There is no provision for this in the performance measures document. The number of businesses sited, the first outcome measure for marketing (above), might be appropriate as an outcome measure here. Other measures might include evidence of working with county planning officials and realtors.
This is encompassed within the day-to-day operations of ADOs but specifically in performance measures RI 2, RI 3, RO 1, RO 2, ROU 1, and all Outcomes. This required

information will inform the Department of success in providing site location and selection assistance.

- **Provide business retention and expansion services** [Subsection (1) (e)]. This is provided for in Topic 2 (Business Retention & Expansion Activities), performance measures BI (input), BO (output), and BOU (outcome). There are one mandatory and one optional input measures, two mandatory and one optional output measures, and 10 mandatory outcome measures.
 - The mandatory input measure is "Number of outreach interactions initiated with existing businesses." The optional input measure is "Other (defined by ADO)."
 - The mandatory output measures are: number of local business cases identified, and number of local business referrals to other partner organizations. The optional output measure is "Other (defined by ADO)."
 - The mandatory outcome measures are: number of businesses retained, number of businesses expanded, number of jobs created from local expansion activities, number of jobs retained, numbers of jobs (BRE) with wages above county annual average wage rates, amount of BRE private dollars invested, amount of BRE public dollars invested, and amount of BRE state tax dollars generated or retained, number of BRE companies closed, and number of BRE jobs lost.
- **Participate in economic development system wide discussions regarding gaps in business start-up assistance** [Subsection (1) (f)]. This is provided for in Topic 3 (Business Start-up Assistance), performance measures SI (input), SO (output), and SOU (outcome). There are one mandatory and two optional input measures, one mandatory and one optional output measures, and six mandatory outcome measures.
 - The mandatory input measure is "Number of start-up businesses requesting assistance." The optional input measures are: number of start-up business workshops, and other (defined by ADO).
 - The mandatory output measure is "Number referrals to other providers of Business Start-Up Assistance." The optional output measure is "Other (defined by ADO)."
 - The mandatory outcome measures are: number of new businesses started, number of jobs created (start-up), number of jobs retained, numbers of (start-up) jobs with wages above county annual average wage rates, amount of private dollars invested (start-up), amount of public dollars invested (start-up), and amount of state tax dollars generated (start-up).

Support for Regional Economic Research and Planning Efforts:

- **Participate in regional planning efforts with workforce development councils** [Subsection (2) (a)]. This is listed under Topic 5 (Support for Regional Research and Planning), but the performance measures document has no performance measures associated with this subsection of the Act. This subsection specifies that "Coordinated planning efforts shall include, but not be limited to, assistance to industry clusters in the region. The Department might want to list the range of assistance to industry clusters

that is expected of ADOs and require a planning document showing coordinated strategies with Workforce Development Councils around cluster assistance in particular as well as around other workforce development and economic development activities. We believe that our revised performance measure 7.a will address this.

- **Participate with the State Board for Community and Technical Colleges and local colleges in providing for coordination of the Job Skills and Customized Training programs.** [Subsection (2) (b)]. This is provided for under Topic 5 (Support for Regional Research and Planning), performance measure 5.a.
 - The mandatory performance measure is "**Output:** Evidence of participation with the State Board for Community and Technical Colleges in providing for coordination of Job Skills Training in the region." Reporting on this measure is required once per fiscal year. There are no performance measures for the Customized Training Program. The Department might want to include performance measures relating to the number of times an ADO coordinated with its local college on delivery of the training programs to individual businesses (for instance when recruiting or providing technical assistance) and require a performance measure relating to listing and explaining the two training programs on the ADO's website. Performance measure 5.a will be revised to read:
Output: Evidence of participation with the State Board for Community and Technical Colleges in providing for coordination of the Job Skills training program and the Customized training program within its region.
As a part of the contract we want to provide links for the ADOs to include on their websites. We propose to do this in the 11-13 Biennium contract, or sooner, if there is a change in statute or if there is a funding change for ADOs that would require an amendment.

Support for Regional Economic Research and Planning Efforts (cont.):

- **Collecting and reporting data.** [Subsection (2) (c)]. The performance measures document has no performance measures associated with this subsection of the bill. It might be useful for the Department have a performance measure regarding reporting of uniform data (to be established by the Department and the Economic Development Commission) for statewide systemic analysis, as well as performance measures that categorize the data that may be expected from the ADOs, listed in the Act as information on "the needs of target industry clusters, business expansion plans, early detection of potential relocations or layoff, training needs, and other appropriate economic information."
The performance measure reporting form is reflective of the uniform data. The Department coordinated with the Washington Economic Development Commission in the development of the data that is collected quarterly.
- **Participate in the development of a countywide economic development plan, consistent with the state comprehensive plan for economic development.** [Subsection

(2) (d)]. This is provided for under Topic 5 (Support for Regional Research and Planning), performance measure 6.a.

- The mandatory performance measure is "**Output:** Economic development plan that is current and consistent with the state Economic Development Commission plan." Reporting on this measure is required once per fiscal year.

Appendix B - ADO Quarterly Report

Washington State Department of Commerce ADO Quarterly Report - Performance Measures (2009-2011 Biennium)

GRANT RECIPIENT: _____

COMPLETED BY: _____

Quarterly Performance Reports are due by the 15th of the month following the end of each quarter, with the exception of the 4th and 8th quarter reports, which are due July 6.

INSTRUCTIONS: All required fields below must be completed. **If you have no results to report, you must enter a zero "0".** The section titled "Support for Regional Research and Planning," requires supplemental documentation to demonstrate the effort for those activities (# 5 through # 7). Please label such attachments to match the activity number (e.g. if reporting on activity # 6.a, place a "1" in the appropriate column, send a separate file with your county-wide economic development plan, and label it "Attachment 6.a."). Use the attached Comments worksheet, if you need to explain data reported here or any attached back-up documentation.

County:		Performance Measure Targets		Actual Performance for Fiscal Year 2009-2011				Total for FY 10	% Annual Target Reached
ADO Name:				Qtr 1	Qtr 2	Qtr 3	Qtr 4		
Grant No:		(A) FY 10	(B) FY 11	7/1/09 to 9/30/09	10/1/09 to 12/31/09	1/1/10 to 3/31/10	4/1/10 to 6/30/10		
1. RECRUITMENT ACTIVITIES									
INPUT REQUIRED: Market the state and local areas to attract businesses from out-of-state or other countries									
RI 1. Marketing Outline with work items and timelines on file with the Dept of Commerce? <input type="checkbox"/> Yes <input type="checkbox"/> No		Reporting Required once a Fiscal Year						0	0%
RI 2. Number of business contacts initiated. (These are unique or first-time contacts during the grant year. Follow-up or repeat contacts throughout the year should not be included in the count. Website hits should not be included in the count).								0	#DIV/0!
INPUT OPTIONAL: Market the state and local areas to attract businesses from out-of-state or other countries									

RI 3.	Number of site selector contacts made. (These are unique or first-time contacts with site selectors during the grant year. Follow-up or repeat contacts throughout the year should not be included in the count).							0	#DIV/0!
RI 4.	Number of trade shows attended. (This includes trade shows where business contacts were made whether you were an exhibitor or walked the floor making contacts).							0	#DIV/0!
RI 5.	Other (Defined by ADO):							0	
OUTPUT REQUIRED: Provide services to businesses and site selectors									
RO 1.	Number of new clients. (This is a count of new clients and does not consider the on-going client count. A client is a contact to which you have provided information and they have expressed an interest in the State of Washington as a potential location for their operation).							0	#DIV/0!
OUTPUT OPTIONAL: Provide services to businesses and site selectors									
RO 2.	Number of in-bound visits hosted (first time). (These are unique company counts taken the first time they visit your area. Once reported they are not counted again in any future reports).							0	#DIV/0!
RO 3.	Other (Defined by ADO):							0	
OUTCOMES REQUIRED: Please complete the following required Recruitment outcome measures									
ROU 1.	Number of businesses sited							0	
ROU 2.	Number of jobs created (recruitment)							0	
ROU 3.	Average annual wage created jobs (in dollars) (recruitment)							#DIV/0!	
ROU 4.	Number of new jobs with wages above county annual average wages (recruitment)							0	
ROU 5.	Amount of new private dollars invested (recruitment)							\$0	
ROU 6.	Amount of new public dollars invested (recruitment)							\$0	

ROU 7.	Amount of new state tax dollars generated (recruitment)							\$0	
2. BUSINESS RETENTION & EXPANSION ACTIVITIES									
INPUT REQUIRED: Conduct outreach efforts to identify businesses in need of assistance									
BI 1.	Number of outreach interactions initiated with existing businesses. (These are unique contacts which gathers data, identifies issues and expresses thanks to local businesses. Outreach is documented by completion of a Visitation Form).							0	#DIV/0!
INPUT OPTIONAL: Conduct outreach efforts to identify businesses in need of assistance									
BI 2.	Other (Defined by ADO):							0	
OUTPUT REQUIRED: Provide retention and expansion services to address challenges and opportunities faced by businesses									
BO 1.	Number of local business cases identified. (This count is the number of local business projects requiring additional work or follow-up on the part of the ADO).							0	#DIV/0!
BO 2.	Number of local business referrals to other partner organizations. (This number reflects those local business clients with service needs beyond the scope of the ADO that were referred or shared with the other service providing organizations such as the Small Business Development Centers, Washington Manufacturing Services, WorkSource, etc).							0	#DIV/0!
OUTPUT OPTIONAL: Provide retention and expansion services to address challenges and opportunities faced by businesses									
BO 3.	Other (Defined by ADO):							0	
OUTCOMES REQUIRED: Please complete the following required Business & Retention outcome measures									
BOU 1.	Number of businesses retained							0	
BOU 2.	Number of businesses expanded							0	
BOU 3.	Number of jobs created from local expansion activities							0	

BOU 4.	Number of jobs retained							0	
BOU 5.	Number of jobs (BRE) with wages above county annual average wage rates							0	
BOU 6.	Amount of BRE private dollars invested							\$0	
BOU 7.	Amount of BRE public dollars invested							\$0	
BOU 8.	Amount of BRE state tax dollars generated or retained							\$0	
BOU 9.	Number of BRE companies closed							0	
BOU 10.	Number of BRE jobs lost							0	
3. BUSINESS START-UP ASSISTANCE									
INPUT REQUIRED: Participate in system-wide discussions regarding gaps in start-up business assistance									
SI 1.	Number of start-up businesses requesting assistance. (This count includes any start-up company asking for assistance, resources or data regarding business factors in the ADO's area).							0	#DIV/0!
INPUT OPTIONAL: Participate in system-wide discussions regarding gaps in start-up business assistance									
SI 2.	Number of start-up business workshops. (The number of workshops, trainings, activities or group-type events sponsored or co-sponsored by the ADO where information is provided and the target audience is start-up companies).							0	#DIV/0!
SI 3.	Other (Defined by ADO):							0	
OUTPUT REQUIRED: Participate in system-wide discussions regarding gaps in start-up business assistance									
SO 1.	Number of referrals to other providers of Business Start-Up Assistance. (This number reflects those start-up business clients with service needs beyond the scope of the ADO that were referred or shared with the other service providing organizations such as the Small Business Development Centers, Washington Manufacturing Services, WorkSource, etc.).							0	#DIV/0!

OUTPUT OPTIONAL: Participate in system-wide discussions regarding gaps in start up business assistance							
SO 2. Other (Defined by ADO):						0	
OUTCOMES REQUIRED: Please complete the following required Business Start-Up outcome measures							
SOU 1. Number of new businesses started						0	
SOU 2. Number of jobs created (start-up)						0	
SOU 3. Number of (start-up) jobs with wages above county annual average wage rates						0	
SOU 4. Amount of private dollars invested (start-up)						\$0	
SOU 5. Amount of public dollars invested (start-up)						\$0	
SOU 6. Amount of state tax dollars generated (start-up)						\$0	
4. READINESS & CAPACITY/ASSET BUILDING							
INPUT REQUIRED: Conduct community asset building outreach activities							
CI 1. Number of engagements with other organizations and local governments to increase community assets/capacity. (This counts meetings, events and contacts with other groups and individuals where the purpose is to increase the communities' ability to grow and prosper economically).						0	#DIV/0!
INPUT OPTIONAL: Conduct Community asset building outreach activities							
CI 2. Other (Defined by ADO):						0	
OUTPUT REQUIRED: Provide community asset building services							
CO 1. Number of community forums actively involved in, on topics such as; transportation, housing, cluster/targeted industry strategies, community services, etc. (The number of events, seminars, and other structured activities involving the community focus on topics other than workforce issues which the ADO is involved in planning, organizing, sponsoring or co-sponsoring).						0	#DIV/0!

OUTPUT OPTIONAL: Provide community asset building services								
CO 2.	Other (Defined by ADO):						0	
OUTCOMES REQUIRED: Please complete the following required Readiness & Capacity/Asset Building outcome measures								
COU 1.	Dollar value of infrastructure and other investments completed						\$0	
5. SUPPORT FOR REGIONAL RESEARCH AND PLANNING								
5	Participate in regional planning efforts involving combined strategies around workforce development and economic development		Enter a "1" in the column below when Activity # 5 happened at least once for the year. Evidence of the activity must be submitted as "Attachment 5.a" as the file name.					
5.a	Output: Evidence of participation with the state Board for Community and Technical Colleges in providing for coordination of Job Skills training in the region.	Reporting Required once a Fiscal Year					0	0%
6	Participate in development of a countywide economic development plan consistent with state plan		Enter a "1" in the column below when Activity # 6 happened at least once for the year. Evidence of the activity must be submitted as "Attachment 6.a" as the file name.					
6.a	Output: Economic development plan that is current and consistent with the state Economic Development Commission plan.	Reporting Required once a Fiscal Year					0	0%
7	Work with partners to facilitate the alignment of planning efforts and seamless delivery of business support services in the county		Enter a "1" in the column below when Activity # 7 happened at least once for the year. Evidence of the activity must be submitted as "Attachment 7.a" as the file name. If there is no check-mark in column C for Activity # 7.b, you do not need to report data for 7.b.					
7.a	Input: Assessment of required activities and identification of activities provided by the ADO's partners.	Reporting Required once a Fiscal Year					0	0%
7.b	Output: Evidence of coordination with providers of direct services not delivered by ADOs such as licensing, permit assistance, workforce or jobs skills training, small business planning, etc.	Reporting Required once a Fiscal Year					0	0%

Quarterly reports must be submitted electronically to:
ado@commerce.wa.gov

FOR COMMERCE USE ONLY Date Rec'd: _____
 Formats: ☐ Electronic ☐ Paper ☐ Both
 Entered into D-base: _____ Saved in Co Files: _____
 Supplemental Documents Attached? ☐ No ☐ Yes
 Reviewed by: _____